



Fire Station Policy and Airport Workers' Pay

Posted by [Pierluigi Oliverio](#) on Monday, September 15, 2008

City Hall Diary

Last week, the council voted on two noteworthy items: a citywide fire station policy and pay for airport personnel. The most important item was the new citywide policy for the closure and consolidation of fire stations. Up until now, San Jose did not have a policy of how or when a fire station could be closed or relocated. The lack of a process was not good for the city. Closing a fire station in any neighborhood of our city that diminishes response time and/or reduces the ability to muster an effective force of fire personnel in the instance of a large fire, natural disaster or terrorist action is bad public policy.

The council unanimously adopted the new policy that was authored by Mayor Reed, Councilmember Chirco and me. This policy provides a framework for how and when the city can close or relocate a fire house. The new policy is important because it includes a comprehensive community process and uses quantitative data from the San Jose Fire Department before any change can occur to an existing fire station.

Public safety is a core citywide service; and yes, it is expensive. However, the public is dependent on the city to provide safety services. There is no alternative to funding public safety except with city funds. In fact, all of San Jose's property tax and sales tax revenues combined do not cover the cost for police and fire. So we must continue to be creative on how we prioritize funding for public safety along with sewers, roads, libraries and parks.

The other agenda item was about including approximately 400 airport personnel under the City of San Jose's Living Wage. Several people spoke about the struggle of the working poor and having to work two jobs. The labor unions organized the workers and framed the debate well. Their moral argument is certainly a just one. Who does not sympathize for those struggling to make ends meet? The real dilemma, however, is that San Jose has invested over \$1 billion in an airport. It is my responsibility as a council member to make sure that investment pays off.

The airline industry has been in turmoil since September 11, 2001. The price of jet fuel has risen from 70 cents a gallon in 2002 to over \$3 today. Year after year passenger count has decreased locally, statewide and nationwide. Technology, like web meetings, is reducing business travel. Eight airlines have gone out of business since end of 2007 and the industry as a whole will lose billions again this year.

San Jose alone is losing flights and market share and we have a higher domestic Cost Per Enplanement (CPE) for the airlines than San Francisco or Oakland. We are reliant on Southwest Airlines for 50 percent of our traffic, which is risky. No organization wants half of their revenues coming from one source, since it brings too much risk should the relationship end. I cannot, on the one hand, say let's issue a billion dollars in bonds, and then pass regulations that may negate our investment.

Part of the issue was not only a 50-percent wage hike, but that the workers have to pay for parking. I would like to find a way to provide free parking for workers at the airport. Parking was brought up to me when I met with union officials regarding this issue. They told me that paying for parking was a hardship for the workers and I agreed.

As an employer, when I give employees a raise, it is not just the dollars that end up in their checks but the payroll taxes that go along with it. For example, employers pay Social Security, Medicare, State Disability Insurance, Federal and State Unemployment Insurance and Employment Training Tax on top of any increase in compensation. However, if the airlines paid for parking, then that is less than the total aggregate output of the wage increases and payroll taxes. Free parking would be a direct benefit to the workers because it negates the out-of-pocket expense and the workers are not taxed on it as it is not included in their paychecks.

The direct hidden cost to the city is that we would now hire a new fulltime city employee to monitor how much these privately employed airport workers get paid. So would you rather hire a fulltime librarian, or someone to monitor how much private sector employees get paid? Would you rather open your branch library an extra day every week, or hire someone to push paper?

I was the only council member that voted "no." However, that is OK. Groupthink is dangerous. Alternative points of view are what democracy is about.

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